

## Message Text

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PAGE 01 STATE 243443  
ORIGIN EA-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 R

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FM SECSTATE WASHDC  
TO BASSY JAKARTA 2368

C O N F I D E N T I A L STATE 243443

STADIS //////////////////////////////////////

C O R R E C T E D C O P Y (ITEM 2 (B) OMITTED TEXT)

E.O. 11652: GDS

TAGS: ENRG, ID, EMIN, EFIN, EGEN

SUBJECT: VISIT OF INDONESIAN MINISTER OF MINES MOHAMMED  
SADLI

REF: JAKARTA 13593

1. MINISTER SADLI MET WITH ASSISTANT SECRETARY HOLBROOKE, OAKLEY, HEGINBOTHAM, OTHERS FROM EA, EB/FSE AND EB/OMA ON SEPT. 7. SUBSEQUENTLY SADLI VISITED ACTING SECRETARY O'LEARY, DEPARTMENT OF ENERGY (DOE) AND WAS SCHEDULED WITH ASSISTANT SECRETARIES BERGSTEN AND WOODWORTH (TAX POLICY) AT TREASURY. TOPICS RAISED INCLUDED OPEC PRICES, IRS RULING, LNG DECISION BY DOE, COPPER, TIN, AND ON FUTURE OIL PRODUCTION IN INDONESIA.

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2. MAIN POINTS RAISED IN CONVERSATIONS WERE:

(A) IRS RULING - SADLI SAID THAT INDONESIA NOW UNDERSTANDS WHAT IS REQUIRED TO REACH RESOLUTION OF THE ISSUE. HE ADDED THAT HIS MAIN REGRET IS THAT THE GOI HAD NOT RECEIVED THE RIGHT SIGNALS EARLIER SO THAT THEY COULD MAKE THE NECESSARY DECISIONS AND COMPROMISES WITHOUT SO MUCH DELAY.

(B) LNG DECISION- ACTING SECRETARY O'LEARY, NOTING THE

VERY UNFORTUNATE DELAYS, EMPHASIZED THE GREAT INTEREST OF THE SECRETARY AND THE NEWLY ORGANIZED DEPARTMENT OF ENERGY TO REACH AN EARLY DECISION. HE SAID THAT A DOE NOTICE SHOULD APPEAR VERY SHORTLY CONCERNING THE POSTPONED DECISION. HE STATED THAT THE DOE WOULD TAKE ACTION BY THE END OF NOVEMBER AND THAT IT SHOULD BE FAVORABLE. ORAL ARGUMENTS (PRO AND CON) REGARDING THE CASE HAD ALREADY BEEN SCHEDULED FOR LOS ANGELES ON OCTOBER 20, WITH THE DOE RULING TO BE HANDED DOWN WITHIN 30 DAYS OF THE HEARING. THE CALIFORNIA HEARING WOULD NOT BE CONCERNED WITH THE PRICE QUESTION, BUT WOULD FOCUS PRIMARILY ON SITING. WHEN ASKED ABOUT THE SITE, HE INDICATED THAT PT CONCEPCION IS THE MOST LIKELY LOCATION, BUT NOTED THAT THERE IS A COALITION OF BIG RANCHERS AND THE SIERRA CLUB OPPOSED TO THAT PLACE. MINISTER SADLI CONFIRMED THAT INDONESIA STILL WANTED TO PROVIDE GAS BOTH TO JAPAN AND THE US, EVEN THOUGH THE US PRICE IS SOMEWHAT LESS FAVORABLE. HE GAVE NO INDICATION THAT INDONESIA MIGHT TAKE ADVANTAGE OF ITS CONTRACTUAL RIGHT TO CANCEL THE DEAL BECAUSE THE OCTOBER 6 DATE HAD NOT BEEN METM  
. HE NOTED, HOWEVER, THE URGENCY OF GETTING UNDERWAY WITH THE INDONESIAN LNG PROCESSING FACILITIES WHICH WOULD SUPPLY LNG TO CALIFORNIA. THE  
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BECHTEL WORK AT ARUN IS NEARLY COMPLETED, HE SAID, AND IT WOULD BE A GREAT SAVINGS IN COST IF BECHTEL'S WORK FORCE COULD BE TRANSFERRED DIRECTLY TO WORK ON THE GAS PROCESSING PLANT.

3. TIN AND COPPER - SADLI'S MAIN CONCERNS WERE THAT THE US RELEASE TIN FROM GSA STORES AND JOIN IN AND CONTRIBUTE TO A STABILIZATION PROGRAM FOR COPPER PRICES.

4. THERE IS NO REPORT YET ON THE TREASURY TALKS. FULLER DETAILS TO FOLLOW, IN MEMCONS AS WELL AS IN DOE REACTION TO CONCERNS MENTIONED IN PARA 6 OF REFTTEL. CHRISTOPHER

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## Message Attributes

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**TAGS:** ENRG, EMIN, EFIN, EGEN, OVIP, ID, US, (SADLI, MOHAMMED)  
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**Review Markings:**  
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